

HOUSE BILL 1164

Q2

5lr2886

By: **Washington County Delegation**

Introduced and read first time: February 23, 2015

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Washington County – Property Tax Credit – Economic Development Projects**

3 FOR the purpose of expanding a certain property tax credit for certain business entities in
4 Washington County to include certain business entities that invest a certain amount
5 for capital improvements of certain real property and create a certain number of new
6 and permanent full-time positions in Washington County; providing for the amount
7 and duration of the property tax credit; making conforming changes; providing for
8 the application of this Act; and generally relating to a property tax credit in
9 Washington County for real property owned or leased by certain business entities.

10 BY repealing and reenacting, with amendments,
11 Article – Tax – Property
12 Section 9–323(f)
13 Annotated Code of Maryland
14 (2012 Replacement Volume and 2014 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
16 That the Laws of Maryland read as follows:

17 **Article – Tax – Property**

18 9–323.

19 (f) (1) (i) In this subsection the following words have the meanings
20 indicated.

21 (ii) “Affiliate” means a person:

22 1. that directly or indirectly owns at least 80% of a business
23 entity; or

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) The governing body of Washington County may grant, by law, a
2 property tax credit against the county property tax imposed on real property owned or
3 leased by a business entity that meets the requirements specified for the **PROPERTY** tax
4 credit under this subsection.

5 (3) To qualify for a property tax credit under this subsection, before a
6 business entity [obtains the new or expanded premises or hires employees to fill the new
7 permanent full-time positions at the new or expanded premises] **MEETS THE**
8 **REQUIREMENTS SPECIFIED FOR THE PROPERTY TAX CREDIT UNDER PARAGRAPH (4)**
9 **OF THIS SUBSECTION**, the business entity shall provide written notification to the
10 governing body of Washington County stating:

11 (i) that the business entity intends to claim the property tax credit;
12 and

13 (ii) when the business entity expects to [obtain the new or expanded
14 premises and hire the required number of employees in the new permanent full-time
15 positions] **MEET THE REQUIREMENTS SPECIFIED FOR THE PROPERTY TAX CREDIT**
16 **UNDER PARAGRAPH (4) OF THIS SUBSECTION.**

17 (4) (i) To qualify for a property tax credit under this subsection, an
18 existing business entity in the county shall:

19 1. **A.** obtain at least an additional 1,500 square feet of
20 new or expanded premises by purchasing newly constructed premises, constructing new
21 premises, causing new premises to be constructed, or leasing previously unoccupied
22 premises; and

23 [2.] **B.** employ at least one individual in a new permanent
24 full-time position during a 12-month period, during which period the business entity also
25 must obtain and occupy the new or expanded premises; **OR**

26 2. **A.** **INVEST AT LEAST \$10,000,000 IN CAPITAL**
27 **IMPROVEMENTS IN THE COUNTY BY PURCHASING NEWLY CONSTRUCTED PREMISES,**
28 **CONSTRUCTING NEW PREMISES, CAUSING NEW PREMISES TO BE CONSTRUCTED, OR**
29 **LEASING PREVIOUSLY UNOCCUPIED PREMISES; AND**

30 **B.** **AS A RESULT OF THE CAPITAL IMPROVEMENTS**
31 **SPECIFIED IN ITEM A OF THIS ITEM, CREATE 100 NEW PERMANENT FULL-TIME**
32 **POSITIONS.**

33 (ii) To qualify for the property tax credit under this subsection, a new
34 business entity locating in the county shall:

1 1. obtain at least 2,500 square feet of new or expanded
2 premises by purchasing newly constructed premises, constructing new premises, causing
3 new premises to be constructed, or leasing previously unoccupied premises; and

4 2. employ at least five individuals in new permanent
5 full-time positions during a 24-month period, during which period the business entity also
6 must obtain and occupy the new or expanded premises.

7 (5) (i) If an existing business entity in the county meets the
8 requirements of paragraph [(4)(i)] **(4)(I)1** of this subsection, the property tax credit
9 granted under this subsection shall equal a percentage of the amount of property tax
10 imposed on the assessment of the new or expanded premises, as follows:

- 11 1. 52% in the first and second taxable years;
- 12 2. 39% in the third and fourth taxable years; and
- 13 3. 26% in the fifth and sixth taxable years.

14 **(II) IF AN EXISTING BUSINESS ENTITY IN THE COUNTY MEETS**
15 **THE REQUIREMENTS OF PARAGRAPH (4)(I)2 OF THIS SUBSECTION, THE PROPERTY**
16 **TAX CREDIT GRANTED UNDER THIS SUBSECTION SHALL EQUAL A PERCENTAGE OF**
17 **THE AMOUNT OF COUNTY PROPERTY TAX IMPOSED ON THE ASSESSMENT OF THE**
18 **NEW OR EXPANDED PREMISES, AS FOLLOWS:**

- 19 1. **100% FOR EACH OF THE FIRST 5 TAXABLE YEARS;**
- 20 2. **75% IN TAXABLE YEARS 6 THROUGH 10;**
- 21 3. **50% IN TAXABLE YEARS 11 THROUGH 15; AND**
- 22 4. **0% IN TAXABLE YEAR 16 AND EACH TAXABLE YEAR**

23 **THEREAFTER.**

24 [(ii)] **(III)** If a new business entity locating in the county meets the
25 requirements of paragraph (4)(ii) of this subsection, the property tax credit granted under
26 this subsection shall equal a percentage of the amount of property tax imposed on the
27 assessment of the new or expanded premises, as follows:

- 28 1. 30% in the first and second taxable years;
- 29 2. 20% in the third and fourth taxable years; and
- 30 3. 10% in the fifth and sixth taxable years.

1 (6) The lessor of real property granted a property tax credit under this
2 subsection shall reduce the amount of taxes for which a business entity is contractually
3 liable under the lease agreement by the amount of any credit granted under this subsection
4 for improvements made by the business entity.

5 (7) The governing body of Washington County shall provide, by law, for:

6 (i) the specific requirements for eligibility for a property tax credit
7 authorized under this subsection;

8 (ii) any additional limitations on eligibility for the credit; and

9 (iii) any other provision appropriate to implement the credit.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
11 1, 2015, and shall be applicable to all taxable years beginning after June 30, 2015.